

**Response to Questions on Certain Soviet Bloc
Activities in Latin America**

I. 1. Has Brazil already received concrete Soviet offers of aid, either directly or through another country concerning:

a. The exploitation and processing of its oil resources;

We have no evidence, beyond rumor and a few unsubstantiated reports, that the Soviets are willing to make a responsible offer of assistance to Brazil for petroleum development. (Secret) The Soviets may be encouraging the current rumors concerning aid, but it is not clear to what extent the speculation over Bloc aid has its origin in Soviet efforts or in the desire of the Brazilians themselves to stimulate greater U.S. interest in their economic problems.

b. The acceptance of coffee or other surplus goods;

Brazil has made small sales of coffee to the USSR (100,000 bags) and to Czechoslovakia (\$6 million worth) according to the Brazilian Minister of Finance and the Brazilian Coffee Institute. (Confidential) The sale to the USSR was probably made indirectly through a British firm. (Secret) There appears to be no direct negotiations in progress with the USSR at the present time. (Official Use Only) Offers may have been made by the USSR through its Legation in Montevideo, but there is no evidence that any transactions resulted or that the offers were made with a serious intent to purchase. (Secret)

c. The sending of technologists and experts to help with industrial expansion?

There are not a significant number of Bloc technicians in Brazil at the present time. In his statement to two Brazilian newsmen on November 29th, Khrushchev stated that the Soviets were ready to consider, at Brazilian request, the question of furnishing installations and technical assistance on a commercial basis. (Unclassified) But there is no evidence that any negotiations have been undertaken on this matter. Further there are indications

SECRET

that the Brazilian government, though it may be interested in expanding economic relations with the Bloc, is very conscious of the security problem involved and is not anxious to accept Bloc technicians. (Secret)

2. Does the Brazilian government intend to conclude a payments agreement with the USSR similar to the one between Brazil and Hungary?

The Brazilian government has been considering the question of expanded economic relations with the Bloc and possibly renewing diplomatic relations with the USSR. Though this has been under study for several months, apparently no decision has been reached and it is not possible to say at this point precisely what the outcome of the deliberations will be. Nevertheless, evidence during the last few weeks indicates that, in government circles at least, resistance to expanded Bloc relations has increased and it is probable that no trade or payments agreement is in the offing. (Secret)

3. Is a greater activity of the trading company TORCHERAS evident in Brazil?

There is some indication that TORCHERAS may be extending its activity to the Sao Paulo area. It has been reported that Elias de Gorcea, one of the partners, has been designated as the firm's Sao Paulo representative. We are also aware of rumors that Gorcea and Tito Canto, another TORCHERAS partner, have offered Soviet backing to a Sao Paulo industrialist in the establishment of a trade firm whose activities would be parallel to but not directly connected with TORCHERAS. (Secret)

4. Is the activity of this company being extended to other South American countries?

No.

- II. What are the objectives of the Argentine trade mission now in East Bloc states? Is the mission to negotiate only on liquidation of the export balance with these states, or also on credit deliveries? If the latter, of what size and with which countries?

The Ondarts mission concluded contracts for the purchase of about \$27 million worth of goods from the Bloc. Some of the machinery purchases were made on 4-year credit, but no announcement has been made as to the amount of

SECRET

such credits. (Unclassified) The mission also concluded some sales to the Bloc. Sales of about \$15 million were made to Czechoslovakia, 5,000 tons of wool were sold to the USSR, and 6,000 tons of meat were sold to Rumania. (Unclassified)

- III. Have there been negotiations between the Colombian government and a Soviet trade mission on delivery of \$30 million worth of coffee in exchange for agricultural machinery? When is the barter deal to be carried out?

Press reports stated that such an agreement might be reached. However, there is no evidence that Colombian officials ever seriously considered it. On the contrary, the most reliable reports indicate that the Colombian government was only willing to consider the import of certain materials (cereals, chemicals, fertilizers, etc.). (Confidential) The latest information on negotiations with the USSR indicates that a trial barter deal has been concluded involving 5,000 tons of Syrian wheat for Colombian coffee. The Soviets are paying 1¢ per pound above prevailing coffee prices. (Secret)

- IV. Are negotiations under way between Chile and representatives of the East Bloc countries for delivery of 50,000 tons of Chilean copper wire.

Negotiations for the sale of copper wire have been going on and some transactions have been concluded, but the figure of 50,000 tons is probably high. As of the middle of February only about 3,500 tons were definitely reported as sold to the Bloc. (Confidential) Subsequent sales have been reported by the press, probably amounting to about 10,500 tons of wire. (Official Use Only)

- V. Is Uruguay at present negotiating with the East Bloc states on credit for exploitations of its iron ore resources?

We have no evidence that such negotiations are being conducted or are in the offing.

- VI. What is the probable amount of Cuban sugar deliveries to the Soviet Union for this year, and what was the amount in past years?

Cuba has sold 100,000 tons of sugar to the USSR so far this year. (Unclassified) There have been rumors of additional sales, but no definite reports. Cuba sold the following quantities of sugar to the USSR in past years: 1955-489,553 tons; 1956-235,481 tons; 1957-347,754 tons. (Unclassified)